

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, DC 20554**

In the Matter of )  
 )  
Local Exchange Carriers' Rates, )  
Terms and Conditions for Expanded )  
Interconnection through Virtual )  
Collocation for Special Access and )  
Switched Transport )

CC Docket No. 94-97  
Phase II

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**THE SPRINT LECS DIRECT CASE IN RESPONSE  
TO ORDER DESIGNATING ISSUES  
FOR INVESTIGATION**

The Sprint LECs (the United and Central Telephone companies) hereby respond to the Commission's Order Designating Issues for Investigation.<sup>1</sup> The Sprint LECs' current virtual collocation tariff terms, conditions and rates are among the most reasonable and equitable in the industry. Although the Sprint LECs have not received a large number of requests for expanded interconnection, significant effort has been given to working with expanded interconnection customers, especially during the transitional period when virtual collocation began to be offered in lieu of mandatory physical collocation. The Sprint LECs' tariff is simple, straight forward and has met the requirements of customers seeking to interconnect under the requirements of the Commission's expanded interconnection

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<sup>1</sup> In the Matter of Local Exchange Carriers' Rates, Terms and Conditions for Expanded Interconnection through Virtual Collocation for Special Access and Switched Transport, CC Docket No. 94-97, Phase II, Order Designating Issues for Investigation, released September 19, 1995, DA 95-2001.

guidelines. Throughout the Commission's expanded interconnection proceedings, the Sprint LECs have provided a significant amount of data and have described and clarified their terms and conditions of virtual collocation. Data submitted with this Direct Case demonstrates that expanded interconnection customers are not charged more than comparable service customers. The Sprint LECs believe their tariffs are in compliance with Commission directives and that their rates are more than reasonable.

The Commission directed the Sprint LECs to respond to a number of requests for information. The requests and responses applicable to the Sprint LECs are set forth below.

**Paragraph No. 42. Information Requirement.**

- (a) The LECs must compare their virtual collocation provisioning charges (*e.g.*, charges for service order processing and design engineering) with any provisioning charges they impose on customers of their comparable DS1 and DS3 services. If the virtual collocation provisioning charges exceed those imposed on customers of the LECs' comparable DS1 and DS3 services, the LECs must justify the additional charges assessed for virtual collocation service.

**Sprint LECs Response:**

The Sprint LECs recovery of provisioning charges is identical for virtual collocation services and comparable DS1 and DS3 services.

However, there are additional provisioning costs recovered for virtual

collocation customers. The discussion of these additional costs and the reasonableness of their application are fully discussed in the Sprint LECs' pleading in CC Docket No. 91-141.<sup>2</sup> The Sprint LECs are recovering costs for provisioning activities in excess of normal activity for comparable services. The charges are not double recovery nor are they excessive when compared to the magnitude of the additional work required in virtual collocation requests. The costs of the various provisioning components are included in the data submitted as part of this Direct Case in Appendix C.

- (b) The LECs must specify whether they recover provisioning costs associated with their comparable DS1 and DS3 services through overhead loading or through direct assignment to particular rate elements. In their responses, the LECs must reference the applicable sections of their special access and switched transport tariffs.

**Sprint LECs Response:**

The Sprint LECs recover provisioning charges for comparable DS1 and DS3 services through direct assignment using Part 69 annual carrying charges. The Sprint LECs have no specific tariff cites for this annual cost recovery process.

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<sup>2</sup> In the Matter of Expanded Interconnection with Local Telephone Company Facilities/United and Central Telephone Cos. Tariff F.C.C. No. 1/ Virtual Expanded Interconnection Service Tariffs, CC Docket No. 91-141, Opposition to Petitions to Reject or Suspend the Virtual Expanded Interconnection Service Tariff of the United Central Telephone Co., Transmittal No. 15, Transmittal No. 16, filed November 1, 1994.

**Paragraph No. 46. Information Requirement.**

- (a) The LECs that recover the costs of providing power to interconnector-designated equipment in their rates for virtual collocation service must identify and describe the particular power costs recovered in each nonrecurring and recurring virtual collocation rate element. LECs must specify whether they recover these power costs through overhead loading and/or through direct assignment to particular virtual collocation rate elements.

**Sprint LECs Response:**

The Sprint LECs recover the costs for the provision of power to interconnector-designated equipment only through direct assignment in the recurring electrical cross connect (ECC) charge. Power costs are a portion of the overall operational support services' direct costs.

Operational support services (such as power, common rack space, floor space, central office environmental conditioning, etc.) necessary to support the operation of the interconnector-designated equipment are based on an estimate of such expenses derived from the application of annual carrying charge factors (land, buildings and power) to typical Sprint LEC investment in a fully equipped 3-DS3 fiber optic terminal. For a DS3 ECC, operational support service expenses are derived by dividing the 3-DS3 expenses by three; for a DS1 ECC, the 3-DS3

expenses are divided by 84. Resulting expenses are included in the data submitted as part of this Direct Case in Appendix C.

- (b) The LECs required to respond to (a), above, must explain whether they recover power costs in their rates for comparable DS1 and DS3 services. If so, the LECs must specify whether they recover these costs through overhead loading or through direct assignment to the rate elements for the comparable DS1 and DS3 services. LECs must reference the applicable sections of their special access and switched transport tariffs.

**Sprint LECs Response:**

The Sprint LECs recover the costs for the provision of power to DS1 and DS3 comparable services in exactly the same manner as for interconnector-designated equipment. This recovery is accomplished as a direct assignment through the application of annual carrying charges to the comparable services investment. There are no specific tariff cites that outline this methodology. However, the Sprint LECs are willing to submit a number of examples of Description and Justification for comparable service offerings that have been previously filed with the Commission.

- (c) LECs that established separate power rate elements for virtual collocation service, but not for their comparable DS1 and DS3 services, must explain why this is reasonable. In addition, any LECs that

bundle power costs into other rate elements for virtual collocation service, but not for their comparable DS1 and DS3 services, must explain why this is reasonable.

**Sprint LECs Response:**

The Sprint LECs do not have separate power rate elements for virtual collocation service or for comparable DS1 and DS3 services. Power costs are bundled into other rate elements for both virtual collocation services and comparable DS1 and DS3 services.

**Paragraph No. 52 Information Requirement.**

- (a) BellSouth, Ameritech, CBT, and any other LEC that recovers the costs of floor space in its rates for virtual collocation service, must describe the particular floor space costs recovered in their nonrecurring and recurring virtual collocation rate elements. These LECs must specify whether they recover these floor space costs through overhead loadings or through direct assignment to particular virtual collocation rate elements.

**Sprint LECs Response:**

The Sprint LECs recover floor space costs for interconnector-designated equipment only through direct assignment in the recurring electrical cross connect (ECC) charge. Floor space costs, like power costs discussed in the response to Paragraph 46 (a) above, are a portion of the overall operational support services' direct cost. The

calculation of floor space costs is identical to the procedures discussed for power costs.

- (b) The LECs required to respond to (a), above, must explain whether they recover the costs of floor space in their rates for their comparable DS1 and DS3 services. If so, the LECs must specify whether they recover floor space costs through overhead loadings or through direct assignment to the rate elements for their comparable DS1 and DS3 services. The LECs must reference the applicable sections of their special access and switched transport tariff.

**Sprint LECs Response:**

The Sprint LECs recover floor space costs for DS1 and DS3 comparable services in exactly the same manner as that used for interconnector-designated equipment. The recovery is accomplished as a direct assignment through the application of annual carrying charges to the comparable services investment. There are no specific tariff cites that outline this methodology. However, the Sprint LECs are willing to submit a number of examples of Description and Justification for comparable service offerings that have been previously filed with the Commission.

- (c) LECs that established separate floor space rate elements for virtual collocation service, but not for their comparable DS1 and DS3 services, must explain why this is reasonable. In addition, any LECs that

bundled floor space costs into other rate elements for virtual collocation service, but not for their comparable DS1 and DS3 services, must explain why this is reasonable.

**Sprint LECs Response:**

The Sprint LECs do not have separate floor space rate elements for virtual collocation service or comparable DS1 and DS3 services. Floor space costs are bundled into other rate elements for both virtual collocation services and comparable DS1 and DS3 services.

**Paragraph No. 55. Information Requirement.**

The Bureau requires the LECs subject to this investigation to provide the cost of money factor used for their virtual collocation services and for the comparable DS1 and DS3 services with the lowest overhead loadings. The LECs must justify any differences in these cost of money factors. In their responses, the LECs must include the interest rate, depreciable life, and time period (in years) for computing the present discounted value.

**Sprint LECs Response:**

The Sprint LECs use the identical cost of money factor methodology in their rate development for virtual collocation services as for the comparable DS1 and DS3 services with the lowest overhead loadings. Overall cost of money factors will differ only in that investment numbers are different between virtual collocation services and



comparable DS1 and DS3 services. This is illustrated in the data submitted as part of this Direct Case in Appendix C.

**Paragraph No. 56.**

The Bureau requires all LECs to complete the charts in Appendix C to this Order for their following four services: DS1 virtual collocation service; DS3 virtual collocation service; the comparable DS1 service with the lowest overhead loading; and the comparable DS3 service with the lowest overhead loading. These charts will expedite our analysis of the LECs' direct costs of providing virtual collocation service by condensing, in a uniform format, certain information requested in the *TRP Order* and the *Phase I Designation Order*.

**Sprint LECs Response:**

The Sprint LECs have completed the charts in Appendix C and attached them to this response.

**Paragraph No. 70. Information Requirement.**

- (a) Several LECs charge an averaged per diem charge for training expenses. These LECs must comment on whether it is reasonable to establish a generally available averaged per diem charge for travel expenses that would include: food, lodging, transportation, training seminar costs, and technician wages. These LECs also must discuss whether it is reasonable to develop a nonrecurring charge that recovers these travel expenses.

**Sprint LECs Response:**

The Sprint LECs assert that training expenses should be recovered on an actual time and materials basis. Any average per diem charge or average nonrecurring charge could easily under-recover or over-recover expenses related to a specific expanded interconnection request in that these expenses can widely vary depending on the nature of the equipment for which training is required. The Sprint LECs' require the expanded interconnection customer to pay for only the training time actually dedicated to the non-standard equipment the expanded interconnection customer has specified. Technician per hour labor rates are identified in the tariff. Training hours, even if they vary significantly, can be tracked easily and multiplied by the labor rate for accurate expense accounting purposes.

- (b) A number of LECs charge training expenses to expanded interconnection customers based directly on ticket stubs and other receipts. These LECs must comment on whether this direct "pass through" to interconnectors is reasonable and whether it is reasonable to permit interconnectors to pay third parties directly for airline and other training expenses.

**Sprint LECs Response:**

The Sprint LECs believe it is reasonable to charge training expenses based directly on actual receipts and/or ticket stubs and believe it is

reasonable to permit interconnectors to pay third parties directly for appropriate training expenses.

- (c) The LECs should comment on whether it is reasonable to tariff rate structures that will avoid double recovery of training costs if a subsequent interconnector requests the same equipment, or if the LEC subsequently acquires the interconnector-designated equipment for use in its own network.

**Sprint LECs Response:**

The Sprint LECs are willing to add a statement in their tariff that would prohibit them from willful double recovery of training expenses.

During the expanded interconnection order process an expanded interconnection customer indicates the types of equipment needed. At that time, the Sprint LECs can determine whether their personnel serving the office in which expanded interconnection is requested need training. The Sprint LECs do not intend to insist on unneeded retraining or assessing training charges when it is not required.

- (d) The LECs must address whether it is reasonable to use the LECs' costs to train their technicians to service equipment used to provide the LECs' comparable DS1 and DS3 services as a guideline in developing expanded interconnector training expenses.

**Sprint LECs Response:**

The Sprint LECs believe it is reasonable to use data that establishes the cost basis for comparable services training (e.g., labor cost per hour) in their development of expanded interconnection training expenses. However, as stated above, a time and materials basis is the best way to assess actual expenses. Comparable services equipment and the variety of expanded interconnection equipment will each have different training requirements for how many training hours are required per technician. It is unreasonable to assume comparable services equipment training expense approximates that potentially required for non-standard interconnector equipment. To obtain the real cost, labor cost per hour needs to be multiplied by the number of actual hours spent on actual training on an identified piece of equipment.

- (e) Any LEC that filed an averaged rate to recover airline expenses associated with training must describe in detail its method of computing the averaged rate.

**Sprint LECs Response:**

The Sprint LECs did not file an averaged rate to recover airline expenses associated with training.

**Paragraph No. 74. Information Requirement.**

- (a) All LECs must identify any provisions in their virtual collocation tariffs describing types of equipment to which training charges do not

apply because the LECs use such equipment in their own networks. Any LEC that does not currently have such provision or a procedure for identifying such equipment must explain why its approach is reasonable.

**Sprint LECs Response:**

During the application process with the Sprint LECs, an expanded interconnection customer will indicate what types of equipment are needed. As explained in the response to Paragraph 70 (c) above, the Sprint LECs are willing to protect against double recovery of training expenses. Therefore, the Sprint LECs maintain that there is no need for tariff provisions relative to equipment lists.

- (b) All LECs must specify the minimum number of technicians that must be trained to maintain and repair interconnector-designated equipment in each central office, and explain why it is reasonable to train this number of technicians.

**Sprint LECs Response:**

The Sprint LECs' minimum number of technicians trained for interconnector-designated equipment is two. The Sprint LECs believe it is reasonable to maintain two trained technicians so that qualified personnel are available should one technician be off the job for any reason.

- (c) All LECs must describe their policies regarding training of LEC personnel to maintain and repair interconnector-designated equipment. LECs must discuss the initial training to maintain and repair interconnector-designated equipment, and any subsequent training that is required.

**Sprint LECs Response:**

The Sprint LECs do not have or require a specific policy for training personnel to maintain interconnector-designated equipment. Initial training requirements are established by the expanded interconnection customer and any subsequent training needs would be identified by the customer to the Sprint LEC. Additional training would tend to be due to an equipment change or upgrade.

- (d) SWB states in its tariff that “where the Telephone Company does not have sufficient experience in maintaining and repairing such equipment in that central office, the Telephone Company reserves the right to either train its existing personnel on such equipment or to contract with a certified third party vendor for maintenance and repair. SWB must clarify whether this provision would require an interconnector to incur costs for training in a situation where SWB has recently acquired the same type of designated equipment for its own network. If so, SWB must address whether it would be reasonable for

an interconnector to train LEC personnel to service equipment that will serve customers of the LECs' other services.

**Sprint LECs Response:**

The Sprint LECs are not directed to respond to this subsection.

**Paragraph No. 88. Information Requirement.**

- (a) All LECs must specify the circumstances under which they use outside contractors for installation, maintenance, or repair. In addition, LECs must describe the particular functions performed by these outside contractors.

**Sprint LECs Response:**

At the expanded interconnection customer's request, the Sprint LECs use outside contractors for installation, maintenance and repair of interconnector-designated equipment. The outside contractor will perform these functions to the interconnector-designated equipment only as needed and as requested by the expanded interconnection customer.

- (b) All LECs must discuss whether they permit interconnectors to choose from a list of certified contractors available to install, maintain, or repair the interconnector-designated equipment. All LECs must specify how they notify interconnectors of these contractors. Any LEC that does not permit the interconnector to choose from a list of certified contractors must explain the reason for its policy.

**Sprint LECs Response:**

Expanded interconnection customers are permitted to choose from a list of certified contractors and are made aware of this list during the application process with the Sprint LECs.

- (c) All LECs must state whether they will honor an interconnector's request that the LEC add to its list a contractor that meets the LEC's certification requirements. Any LEC that will not honor such requests must explain the reason for its policy. The LECs should reference the applicable provisions of their virtual collocation tariffs.

**Sprint LECs Response:**

The Sprint LECs will add a contractor to their lists should this contractor, as requested by the expanded interconnection customer, meet the certification requirements of the Sprint LECs.

**Paragraph No. 91. Information Requirement.**

- (a) The LECs must explain how their installation intervals for interconnector-designated equipment comply with the Commission's requirement that, at a minimum, the LECs install interconnector-designated equipment under the same time intervals that apply to installation of comparable LEC equipment.

**Sprint LECs Response:**



The Sprint LECs adhere to United and Central Telephone Companies Tariff F.C.C. No. 1, Section 5.2.1 for all access customers for installation intervals. Generally all such installation intervals are agreed upon by the Sprint LECs and the expanded interconnection customer as part of the ordering process. The installation and engineering activities (e.g., central office space investigation, estimates of work required, assessment of technical requirements, planning, etc.) are determined during this process.

- (b) The LECs must discuss whether it would be reasonable to notify interconnectors of the LECs' specific maintenance and repair intervals by including appropriate language in their tariffs. In particular, LECs must comment on whether it would benefit interconnectors, without being unduly burdensome to LECs, to state in their tariffs:
- (1) The frequency with which they will perform maintenance and repair of interconnector-designated equipment;
  - (2) The maximum response time to intermittent service outages; and
  - (3) The restoration priorities if a LEC's wire center is inoperative.

**Sprint LECs Response:**

For the language suggested in subsections (1) and (2) above, the Sprint LECs notify expanded interconnection customers of maintenance and repair target objectives during the ordering

process. Because target objectives are constantly changing so as to enhance response times, it would be administratively burdensome to tariff these objectives. In all of the Sprint LECs' expanded interconnection cases to date, customers have chosen to maintain and repair the terminating equipment themselves. The Sprint LECs have permitted and even encouraged this arrangement. Therefore, adding additional information to the Sprint LECs' tariff language is not necessary because no expanded interconnection customer has requested this information. For the language suggested in subsection (3) above, expanded interconnection customers have the right to purchase Telecommunications Service Priority (TSP) System service, as do customers of comparable services, to handle restoration priorities. The tariff cite is United and Central Telephone Companies Tariff F.C.C. No. 1, Section 13.3.6.

- (c) The LECs must address whether they offer interconnectors the same range of service options that the LECs offer to their comparable services customers. LECs must reference the applicable sections of their tariffs.

**Sprint LECs Response:**

The Sprint LECs offer a near equal range of service options for expanded interconnection customers as for comparable service

customers. The two exceptions are cited in United and Central Telephone companies Tariff F.C.C. No. 1, Section 2.4.9, Service Performance Provisioning Guarantee and Section 2.4.4(B) (8), Service Performance Maintenance Guarantee.

The Service Performance Provisioning Guarantee assures that orders for certain access services will be installed and available for customer use no later than the Firm Order Commitment (FOC) date. Failure to meet the FOC date provides the customer with a credit in the amount of the installation charges. In the case of an expanded interconnection customer, the credit would only apply to the multiplexer installation charge for switched access services, because no installation charges are assessed on any other expanded interconnection rate elements.

The Service Performance Maintenance Guarantee provides a credit of 100% of the monthly recurring charges of the interrupted facility should failure time exceed one minute. Although not applied to an expanded interconnection customer and with the exception of the multiplexer element, the network performance commitments introduced by the Service Performance Maintenance Guarantee process serve to provide an expanded interconnection customer with reliable facility transmissions.

**Paragraph No. 100. Information Requirement.**

- (a) The LECs must explain the policies articulated in their tariffs concerning an interconnector's right of action against the LEC for negligence, gross negligence, willful misconduct, or intentional harm. The LECs must explain why these provisions are reasonable.

**Sprint LECs Response:**

The Sprint LECs' policies for an expanded interconnection customer's rights of action for the above list are in tariff terms and conditions and are found in United and Central Telephone companies Tariff F.C.C.

No. 1. Both expanded interconnection customers and comparable service customers have rights of action against the Sprint LECs as cited in Section 2, General Regulations. Section 2.1.3 (A) states, "The Telephone Company's liability, if any, for its willful misconduct is not limited by this tariff." However, ". . . the Telephone Company's liability, if any, shall not exceed an amount equal to the proportionate charge for the service for the period during which the service was affected." The Sprint LECs generally hold themselves to be liable, subject to the tariff limitations, for damages in those instances when the damage is caused by their negligence. The Sprint LECs believe that the same general limitation of liability should apply to expanded interconnection customers as applies to the general body of customers. If expanded interconnection customers were to become an exception, the general body of ratepayers could be funding that increased

protection granted only to expanded interconnection customers. The Sprint LECs believe such a shifting of risk is not appropriate.

- (b) BellSouth's liability provision states, *inter alia*, that the interconnector must indemnify BellSouth against any losses that "may arise out of or be caused by the installation, repair, use or removal" of interconnector provided leased equipment or facilities, or by "any act or omission of BellSouth, its employees, agents, former or striking employees, or contractors . . . ." BellSouth must explain why it is reasonable to require another party to indemnify BellSouth for BellSouth's own negligence.

**Sprint LECs Response:**

The Sprint LECs are not directed to respond to this subsection.

- (c) BellSouth's tariff also states that the interconnector "represents, warrants and covenants that it shall not cause or permit any other party to cause any environmental conditions . . . which violate any federal, state or local law or ordinance, rule or regulation. The collocator shall indemnify . . . BellSouth from and against any and all liability . . . arising out of any breach of the foregoing sentence. BellSouth must define the term "environmental conditions," as used in this provision. In addition, BellSouth must explain how an interconnector can reasonably warrant that it will not "permit" another party to cause such an environmental condition.

**Sprint LECs Response:**

The Sprint LECs are not directed to respond to this subsection.

**Paragraph No. 102. Information Requirement.**

- (a) The LECs must explain why it is reasonable to restrict other parties, such as interexchange carriers, from ordering and being billed for virtual collocation services up to the demarcation point with the interconnector. In particular, the LECs must address whether it is reasonable to treat the ordering and billing of virtual collocation services differently than the ordering and billing of other access services.

**Sprint LECs Response:**

The Sprint LECs assert that only expanded interconnection customers should order expanded interconnection. Therefore, an expanded interconnection customer is the only party that should be billed the expanded interconnection rate elements. Development of billing systems to accommodate billing to parties other than the expanded interconnection customer will require additional unneeded expense. Further, the ability to monitor expanded interconnection activity is significantly complicated if expanded interconnection customers' billing is commingled with interexchange carriers' billing.

The Sprint LECs currently have in place systems and processes to ensure that an interexchange customer cannot substitute an ECC for a

channel termination or entrance facility unless a legitimate expanded interconnection arrangement is requested. If non-expanded interconnection customers are permitted to order expanded interconnection elements, this prudent monitoring mechanism would have to be disabled and the Sprint LECs would lose this important access control tool.

The Sprint LECs believe that permitting non-expanded interconnection customers to order expanded interconnection elements is tantamount to providing free billing and collection service for this class of customer. Billing expanded interconnection rate elements to another class of customer removes the burden and expense of this function from the expanded interconnection customer. Billing its own customers is a function that an expanded interconnection customer should bear. Forcing this cost on the Sprint LECs would be an inequitable arrangement that would provide a distinct competitive advantage to a competitor of the LEC.

- (b) The LECs must discuss their procedures for accepting letters of agency for their other DS1 and DS3 comparable services, and reference applicable sections in their special access and switched transport tariffs. In addition, the LECs must address whether a prohibition against the use of letters of agency for virtual collocation services is reasonable in situations where an interexchange carrier requests a

letter of agency to order cross-connection service directly from the LEC.

**Sprint LECs Response:**

The Sprint LECs currently accept Letters of Agency (LOA) for DS1 and DS3 comparable services. The owner of the facility or the lessor of the facility can provide the LOA; the procedural distinctions are:

- (1) If the owner provides the LOA, the lessor must confirm the facilities arrangement and indicate that it is to be direct billed for the service.
- (2) If the lessor provides the LOA, the owner must confirm the facilities arrangement and provide the description of the billing arrangement.

Again, the Sprint LECs maintain that, in the competitive environment, only expanded interconnection customers should be permitted to order and be billed for expanded interconnection elements. The Sprint LECs would, however, accept a LOA from an interconnection customer or interexchange carrier if the Commission mandates these types of network and billing arrangements for virtual collocation services.

**CONCLUSION**



The Sprint LECs believe their tariffs are in compliance with Commission directives and that their rates are reasonable. Therefore, they respectfully request that after the Commission reviews the responses and data submitted herein, that the rates, terms and conditions proposed by Sprint LECs be adopted and the investigation be terminated as to the Sprint LECs.

Respectfully submitted,

THE SPRINT LECS

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